

**FOOD FAIR STORES, INC.**  
*Annual Report*  
 FOR THE FISCAL YEAR ENDED APRIL 28, 1961



"FAMOUS FOR FAMOUS NAMES"

# FOOD FAIR STORES, INC.



Supermarket Slumberland

# ANNUAL REPORT

YEAR ENDED APRIL 28, 1951

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In the retail food business, the biggest business on earth, there is much in a name. Identification of food products by brand names protects consumers by identifying authority and placing responsibility for quality. Freedom of choice as among brands involves constant competition, produces constant product improvement and insures perpetual control by the consuming public over the manufacturing processes of America. In the cover picture for this annual report, the artist attempts to interpret and symbolize Food Fair's well-known slogan, "Famous for Famous Names."



# President's Message



*To the Shareholders of Food Fair Stores, Inc.*

IT is a pleasure to report to you that the plans formulated a year or more ago for making the thirtieth anniversary a year of substantial growth and record attainments for Food Fair Stores, Inc., have been successfully put into effect.

This annual report contains consolidated financial statements certified as of April 28, 1951, by independent accountants, together with other pertinent information on Food Fair's operations for the past fiscal year, including, on pages 22 and 23, a statistical summary of the Company's growth during the past decade. Further progress has been made in recent months. Aided by the addition of new units, sales since April have been well above those for the same period a year ago.

Behind the many statistics presented there are a host of men and women. Aside from the farmers who harvest the crops, the processors who prepare the foods, and the countless customers whom we serve, there are the behind-the-scenes employees who ware-

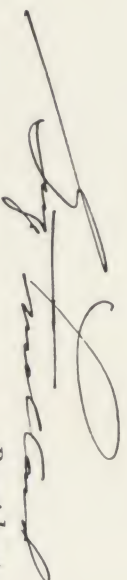
house and ship them, the office workers who keep the records, the sales forces in supermarkets, and the executives and technicians who plan and supervise the aim and effort.

Behind the statistics lies also the faith of the thousands of stockholders and other investors who, by investing their savings, provide the necessary capital for Food Fair supermarkets to be built and equipped. All these comprise the Food Fair organization. Coordinating their individual talents, all of them have made possible the splendid statistical record.

That the Food Fair statistical pattern will undergo further change is implicit in the Company's record large expansion program now under way. The significance of this prospective change, in terms of opportunities afforded immediate members of the Food Fair family, is manifest in the fact that our sixty new supermarkets contemplated for the years just ahead will require in store service alone sixty store managers, approximately 36 district supervisors, 480 store department managers and about 3,000 clerks.

These growing groups henceforth will determine Food Fair's statistical record. Prevailing conditions in the retail food business provide wide scope for accomplishment. Present ample food supplies and satisfactory crop conditions preclude the prospect of widespread food shortages in the foreseeable future. Also, high industrial production, rising payrolls and prospective well-maintained disposable income bespeak a large demand for food products at the prices prevailing in efficiently operated supermarkets. Consequently, and notwithstanding the challenges which restrictions and controls of the present national emergency impose upon all business, the Food Fair management views with confidence the outlook for sales and earnings as the Company embarks upon another year of public service.

Sincerely,



President

July 26, 1951

# HIGHLIGHTS—1950-51

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The Company Moved From Ninth to Seventh Place Among the Country's Foremost Food Chains during its thirtieth anniversary year.

Food Fair Supermarkets in Operation on April 28, 1951, Numbered 123 an increase of ten during the year.

Sales Rose to \$205,643,640 a gain of 25% from the previous peak of \$164,625,893 reported for 1949-50.

Average Sales per Store Exceeded \$1,500,000 the biggest per store volume among the major retail food distributors.

Net Earnings Before Income Taxes Increased 49.83%, to \$9,817,112 from \$6,552,021 earned before income taxes in the preceding year.

Net Income After All Charges Was \$4,709,889 a gain of 17.08% from the previous record high of \$4,022,778 earned in 1949-50.

Net Income per Common Share on 2,130,014 Shares Was \$2.14 compared with \$1.84 earned in 1949-50 on the same share basis.

Net Income per Dollar of Sales Was 2.29 Cents against 2.44 cents in 1949-50.

The Annual Dividend Rate on the Common Was Increased to 80 Cents from 60 cents.

A 10% Stock Dividend Was Also Paid on October 31, 1950 Working Capital at the Year-End Was \$17,210,264 compared with \$15,065,815 the year before.

Continuing Expansion Portends for the Current Year the Largest Growth on Record.

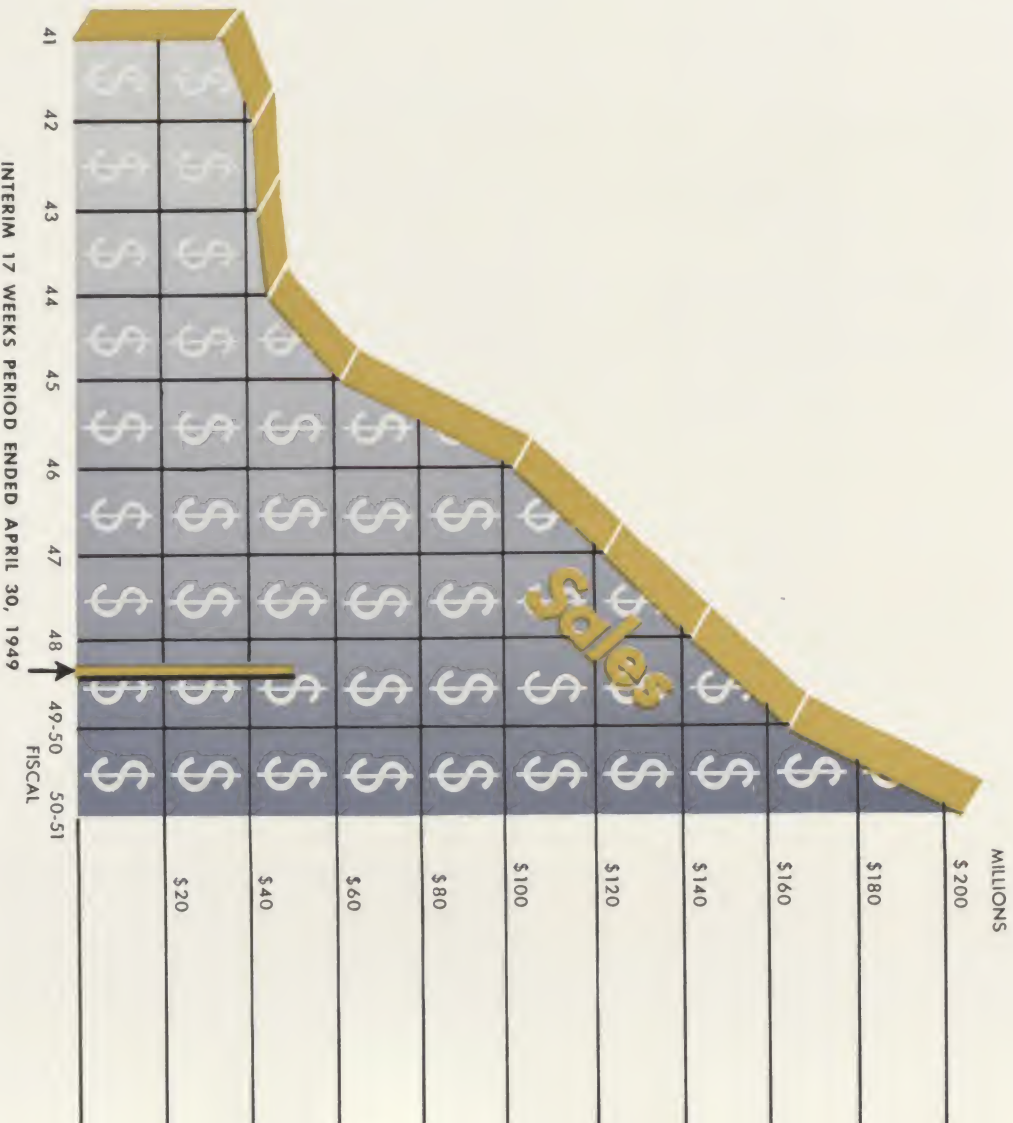


# Review of Operations

For complete comprehension of their significance, the results achieved by Food Fair Stores, Inc., in the fiscal year ended April 28, 1951, should be viewed from the background of developments in the retail trade in general and the retail food business in particular. According to statistics compiled by the United States Department of Commerce, retail sales in the calendar year 1950 reached \$140,000,000,000, a new high total and 9.37% above the \$128,000,000,000 volume of the preceding year.

As in 1949, sales experience varied widely among the several merchandising segments. The most significant aspect of the field as a whole was the continued sharp gain in sales of automobiles, electrical appliances, house furnishings and other durable goods which accounted for 35% of the retail dollar, a record high. Although retail sales of non-durable goods gained moderately over 1949, their percentage of disposable income continued to decline.

Retail food sales in 1950 surpassed all previous records, rising to \$31,622,000,000, or 4.37% from the 1949 total of \$30,298,000,000, according to the Commerce Department's compilation. This increase stemmed largely from increases in food prices following the Korean outbreak which gave rise to stocking up by customers on certain non-perishable foods. Significantly, with employment and personal incomes rising,



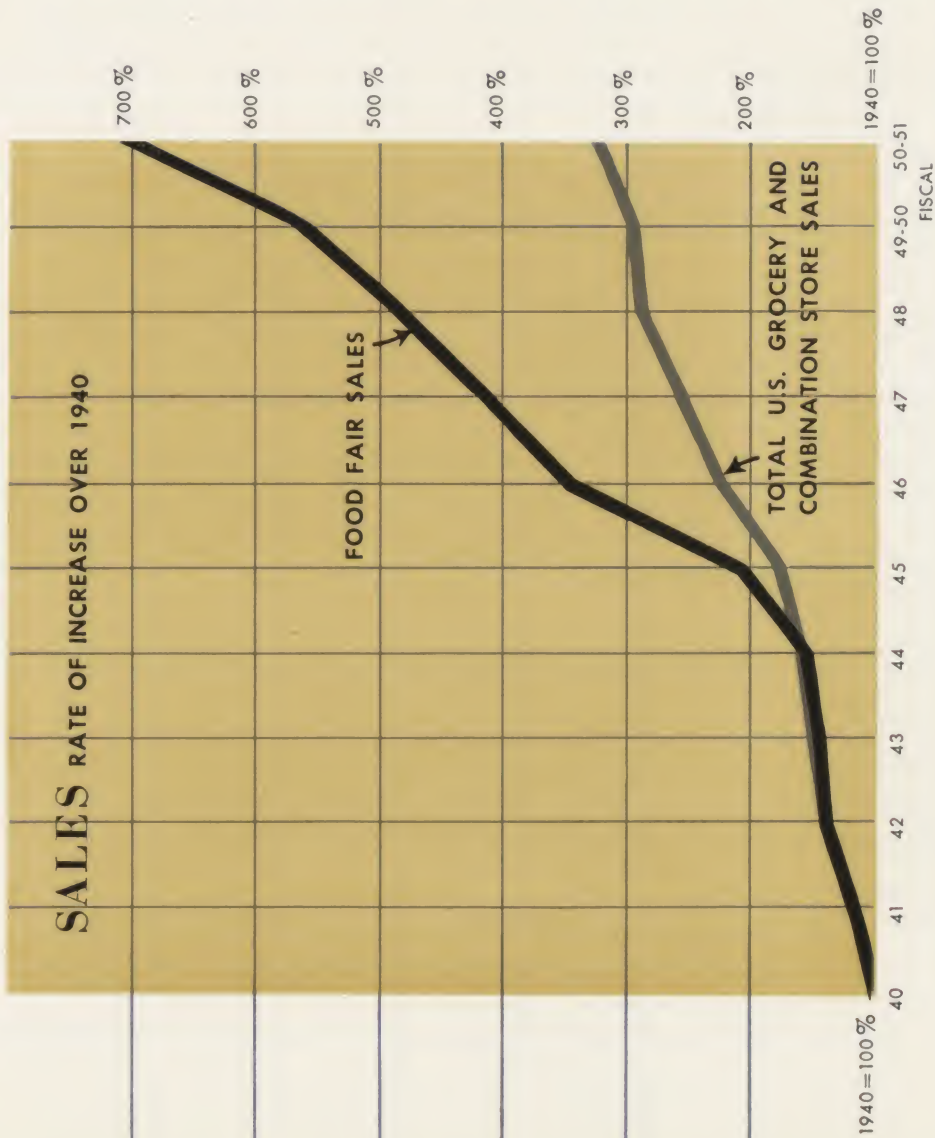
the price advances did not lessen the willingness of consumers to maintain their volume of consumption.

In analyzing the varying conditions prevailing in individual branches of the retail trade in recent years, it is interesting to note that expenditures on food have increased sharply since the close of World War II, relative to total spendable income. Primarily responsible for this rise has been the larger increase in income of lower income groups than of higher income groups. The former have applied to the improvement of their diet an important portion of their increased incomes. The significance of this in terms of national welfare can scarcely be overstated.

## SALES

Viewed in relation to operating results in the retail food business as a whole in the 1950 calendar year, the showing made by Food Fair Stores, Inc., in the latest fiscal year indicates an increase in the Company's share of the retail food dollar and further strengthening of its competitive position. Thousands of residents of various communities in several states extending from New York to Florida were for the first time provided Food Fair shopping facilities.

The Company's sales for the fiscal year amounted to \$205,643,640, which exceeded by \$41,017,747, or 25%, the previous peak sales of \$164,625,893 recorded for the preceding fiscal year. In registering this gain, your Company moved from ninth to seventh place among the country's largest retail food merchandisers. In addition, it maintained comfortably its leading position among the foremost retail food distributors from





the standpoint of per store sales. Average retail sales per store for the year were more than \$1,500,000, calculated on the basis of the 123 supermarkets in operation on April 28, 1951, which include several units added during closing months of the year.

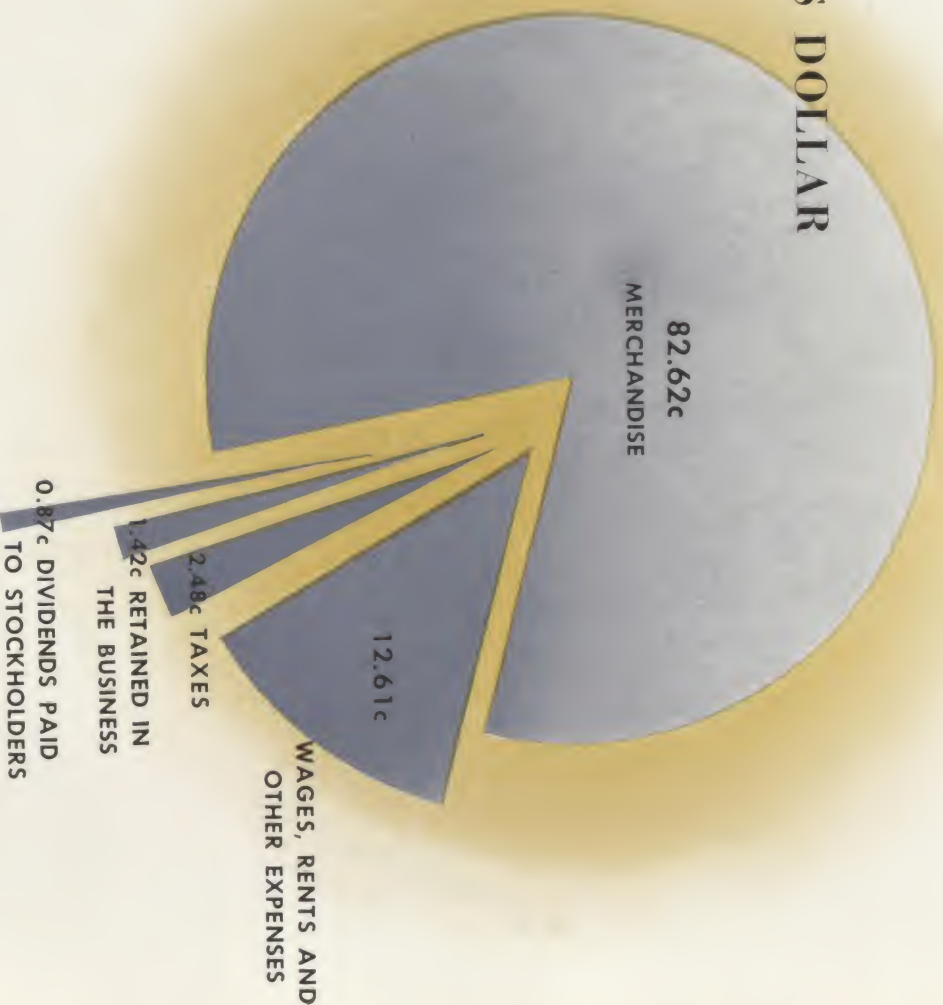
## EARNINGS

Food Fair's net earnings last year after all charges, but before Federal and state income taxes, amounted to \$9,817,112. This pre-tax profit, the largest in the Company's history, was 49.83% in excess of the \$6,552,021 profit earned before income taxes in the preceding year.

Net income after all charges and taxes, including excess profits tax of \$839,967, was \$4,709,889. Likewise the largest on record, this net return was equal, after allowing for preferred dividend requirements, to \$2.14 per share on 2,130,014 shares of common stock. The profit represents an increase of 17.08% over the previous record high net income of \$4,022,778 earned in the fiscal year ended April 29, 1950. This was equal, after preferred dividend requirements, to \$1.84 per common share on the same share basis.

The increase in the year's net earnings in spite of considerably increased operating costs and taxes was the product, chiefly, of the substantial increase in number of supermarkets and in sales. Substantially increased operating costs and taxes were absorbed in the gain in sales. The Company's net income last year after all charges and taxes was 2.29 cents per dollar of sales, compared with 2.44 cents in the preceding year and with 1.94 cents in the fiscal year (53 weeks) ended December 31, 1948.

## SALES DOLLAR



## DIVIDENDS

As in the year before, Food Fair's Board of Directors last year derived from increased earnings and from a strong financial condition latitude for further augmenting dividend payments to stockholders. In May, 1950, the regular annual dividend rate on the common stock was increased to 80 cents per share, from 60 cents. Payments at the advanced rate were made on June, September and December 15, 1950, and on March 15, 1951. A 10% stock dividend was also paid on October 31, 1950.

After the close of the fiscal year, on May 29, 1951, a 3% stock dividend was declared, in addition to the regular quarterly cash dividend of 20 cents per share, payable August 30, 1951, to shareholders of record at the close of business on July 16. These payments in stock, as in the case of stock dividends distributed in previous years, are designed to provide shareholders participation in our increased earnings, and yet permit the retention by the Company of ample liquid resources to finance further expansion of the business.

Dividend payments on the \$2.50 cumulative preferred stock were maintained last year at the regular rate until retirement of the 37,506 shares of that stock on February 18, 1951. The initial quarterly dividend of \$1.05 per share was paid on April 1, 1951, on the \$4.20 cumulative preferred stock which was marketed publicly in January, 1951.

Aggregate cash dividend payments on the preferred and common stocks last year were \$1,779,490. Out of the year's earnings, \$2,930,399 was retained to finance further growth of the business.



## OPERATING COSTS

Food Fair's operating costs last year continued to advance in line with general experience throughout the field and with the growth of the business. Wages, rents and other operating expenses totaled \$25,888,299, compared with \$21,192,077 in the preceding year. The increase reflected, for the most part, larger payroll resulting from the addition of supermarkets and from increased wage rates. Contributing items have been rents, maintenance and repairs, and depreciation charges which necessarily have advanced as the organization has expanded.

## TAXES

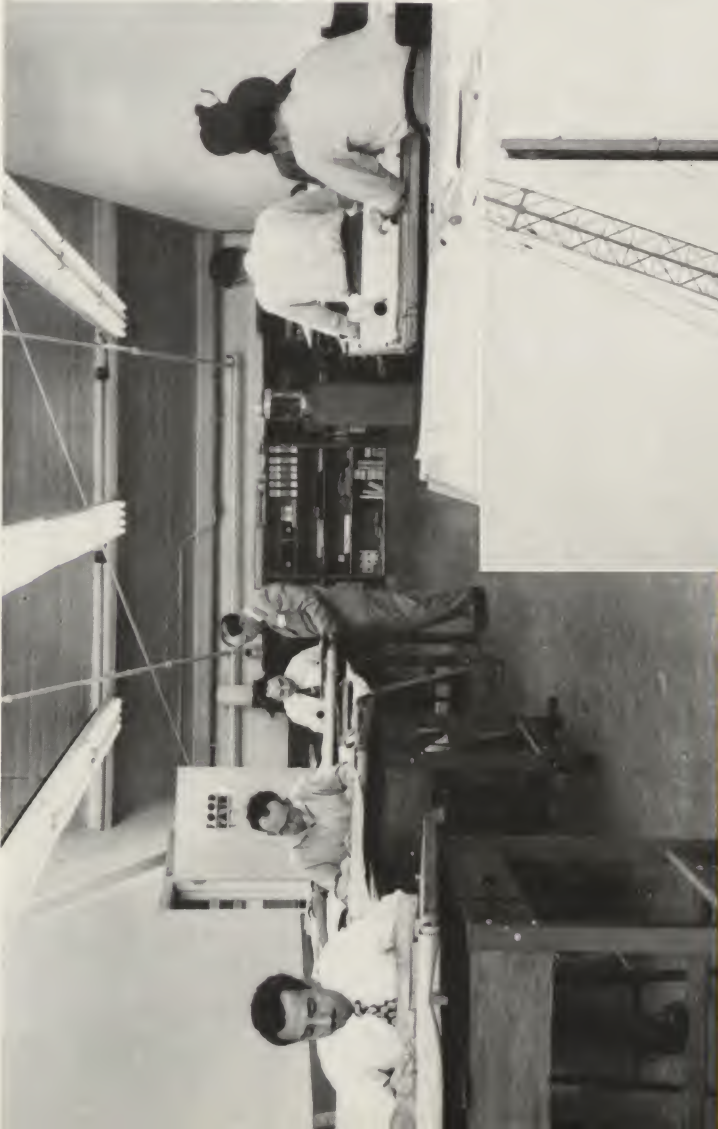
The burden of corporate taxes has increased further. Food Fair's provision for Federal and state taxes on income last year amounted to \$5,107,223. This tax liability, more than double the preceding year's, represented \$41,522 per Food Fair super-market in operation, or \$637 for each regular Food Fair employee, or \$2.40 per share on the Company's common stock outstanding on April 28, 1951.

Two retroactive Federal tax laws, the first affecting normal and surtax rates, and the second imposing a tax on excess profits, increased taxes on the Company's earnings from 38.6% in the 1949-50 fiscal year to 52.02% last year. Calculated on the basis of average annual earnings in base years, the Company's credit for application in the computation of last year's excess profits tax approximated \$5,975,000. It is estimated on the basis of prevailing tax laws that the credit to be applied to earnings for the current fiscal year will be increased by approximately \$900,000 due to the effect on the base computation of retained earnings and of our preferred stock financing in January.



*Laurence A. Wagenheim, Director of Sales Promotion and Advertising, receives certificate of distinction awarded to Food Fair Stores, Inc., by Brand Names Foundation, Inc.*

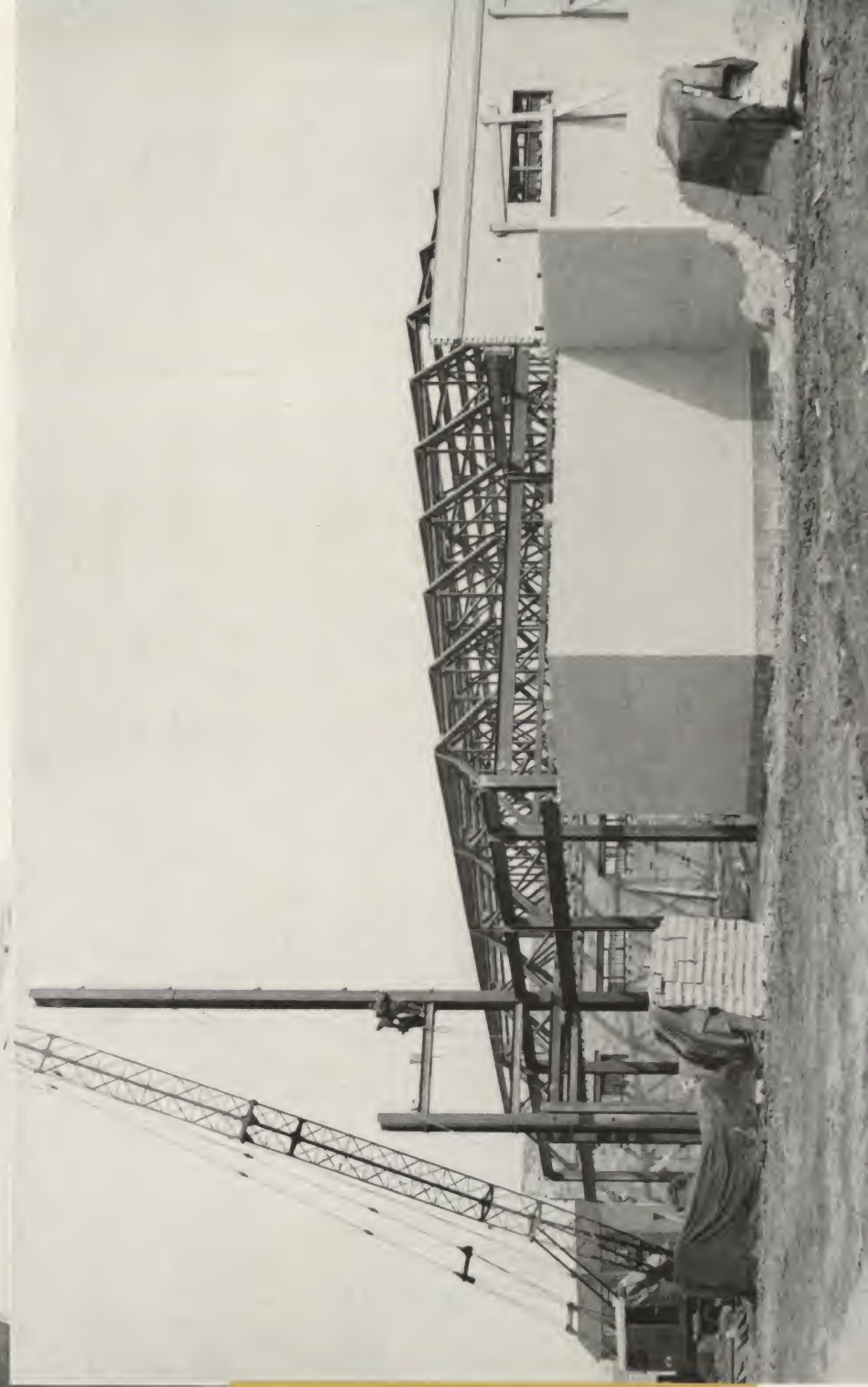
# Food Fair Expansion Steps



*Left—Food Fair architects design and blueprint supermarkets for new communities.*

*Below—Food Fair supermarket moves from blueprint to brick, mortar and steel stage.*

*Opposite page—Food Fair supermarket is born.*



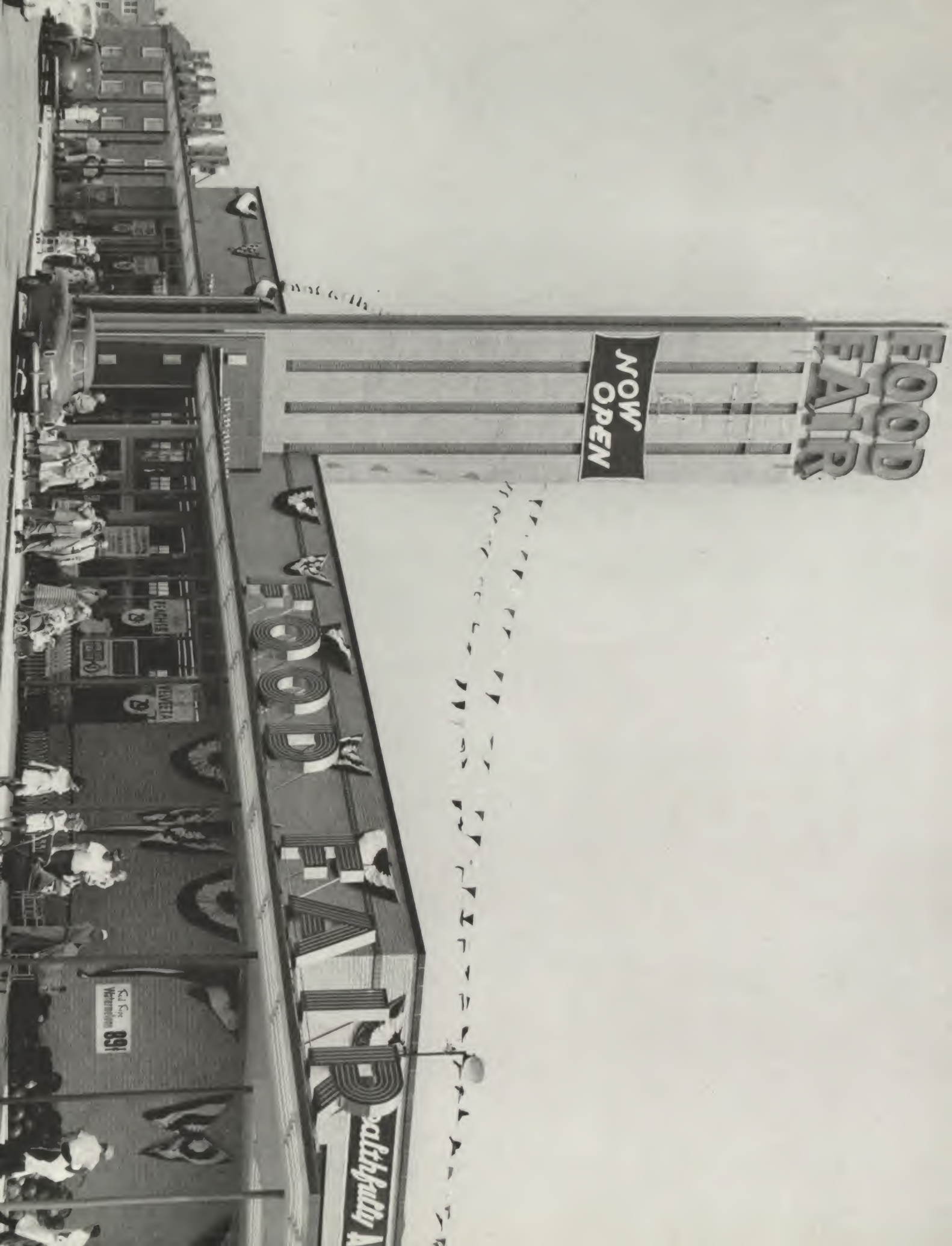
**FOOD  
FAIR**

**NOW  
OPEN**

**FOOD  
FAIR**

**Healthfully A**

891  
Wednesday  
Sat. Sep.



## **WORKING CAPITAL**

Food Fair's working capital amounted to \$17,210,264 on April 28, 1951, compared with \$15,065,815 the year before. Current assets stood at \$24,560,940, against \$19,376,166. Inventories, taken at the lower of cost or market value, were \$14,070,286, against \$9,099,371 the year before. Aside from the effect of increases in prices, the increase in inventories measures the Company's interim growth.

## **ANOTHER YEAR OF GROWTH**

As the financial statements attest, the fiscal year ended April 28, 1951, was another year of substantial growth for Food Fair Stores, Inc. Fourteen supermarkets were opened; six in Florida, four in Pennsylvania, three in New Jersey and one in New York. Four small stores were closed. The new links brought to 123 the number of units in the chain. In addition, three smaller volume supermarkets were thoroughly modernized during the year. Both the newly constructed and the remodelled units embody the new departments, layout conceptions, size relationships, lighting facilities and shopping conveniences which feature modern supermarket merchandising.

The front-end check-out booth operation, the one remaining bottleneck in supermarket operation, continues to receive close attention. Last year, Food Fair devised an unique type of check-out booth with which experiments now are being conducted.

## **EXPANSION PROGRAM PROJECTED**

Six supermarkets have been opened since the close of the Company's fiscal year on April 28, 1951, in Baltimore and Glen Burnie, Md., Philadelphia and Camp Hill, Pa., Hialeah, Fla.,

and Levittown, New York. The management's plans contemplate Food Fair facilities in the future for many other communities. Twenty-two units now are under construction and most of these are scheduled to be in operation by December 31, 1951. Fifteen of them are located in communities in which the Company heretofore has not been represented. Sites for thirty other units have been acquired and, barring unforeseen obstacles, a beginning on the construction of these will be made early next year. Many of the sites are in strategic defense areas sorely in need of efficient food marketing facilities. The markets under construction on January 13, 1951, when the National Production Authority's limitation on construction activity became effective, are not subject to the strictures of that Government edict. Nor is the warehouse under construction in Linden, N. J., subject to this restrictive legislation.

## **RESEARCH**

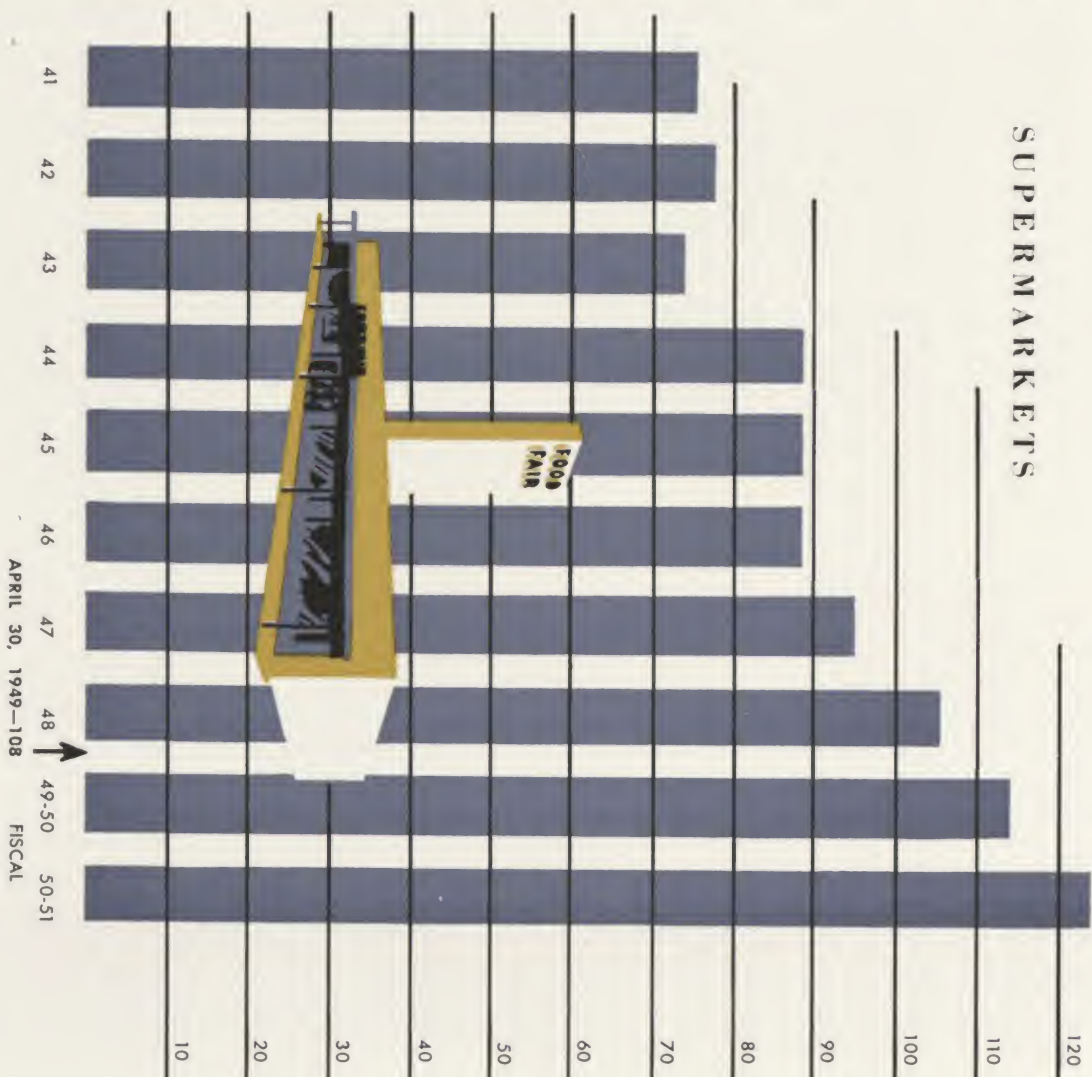
Research in one form or another must implement sound corporate growth, and sound corporate growth requires increasing emphasis on scientific research. Food Fair continues to stress research in all phases of its business. Such activities last year included trading area analyses, store location studies, surveys of customers' shopping habits, graphic analyses of sales, expense control appraisals, labor cost surveys and personnel studies. Many of the findings had immediate and useful application in the conduct of the business. Resultant operating economies have been plainly visible. Special studies made of merchandise movements have proved advantageous to Company buyers.

The research department last year undertook the task of analyzing regulatory orders emanating from Washington after the declaration of a state of emergency. These regulations are applicable to all phases of the Company's operations. The research department served as a clearing house, directing regulatory material to appropriate operating executives and helping to coordinate practices of the various divisions subject to control. Periodic studies will be made by the department to assess the effect of emergency regulations. Food Fair executives who have been active in discussions with regulatory agencies in connection with emergency controls are members of committees established to advise Government agencies in problems relating to retail food marketing.

### THE FOOD FAIR EMPLOYEE FAMILY

The Food Fair employee family comprised 8,018 members on April 28, 1951. The increase of 1,718 employees during the fiscal year is another measure of the Company's growth. During the year, contracts were negotiated with various local unions, a number of them effective for two years. There was no loss of time during the year due to labor difficulties. The rate of personnel turnover decreased 12% in spite of the lure of war industries and the drain of induction into the armed forces. Significantly, the Company's rate of personnel turnover at the close of the year was 54% lower than five years earlier.

As many as 524 men and women last year received service pins designating five, ten, fifteen and twenty years of continuous service, bringing to 1,303 the number of veteran members of the Food Fair employee family. There were published and

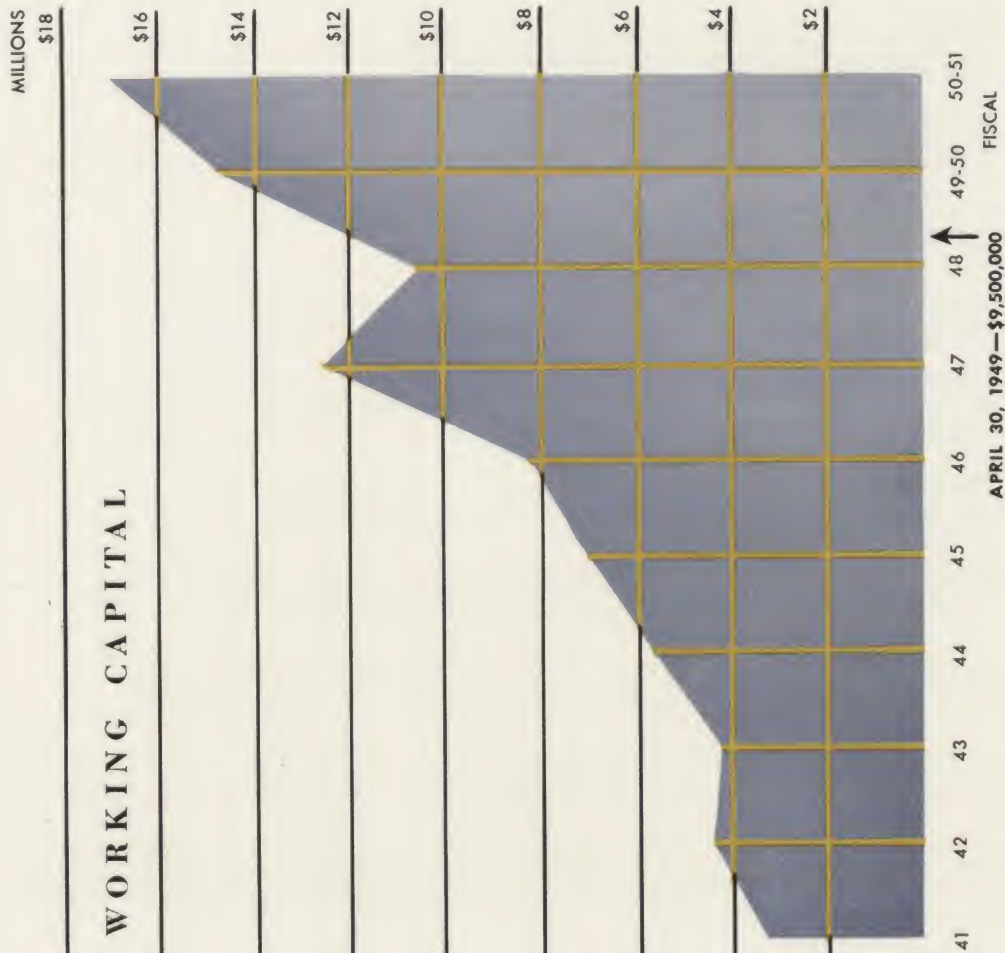


distributed during the year 72,500 copies of "The Food Fair Star," published by and for employees. Recreational activities sponsored by the Company for the benefit of employees were continued.

Probably the most outstanding development in the Company's employee relations last year was the inception by the Company in conjunction with Temple University, Philadelphia, of a broad educational program. Approximately 250 of the Company's executive personnel, including officers, attended the course, studying such subjects as economics, finance, human relations, customer relations and employee relations. The primary purpose of the program, unique in concept and execution, has been to establish better relations between supervisors, store managers and employees.

To facilitate communication between management and store employees, a system of periodic meetings has been adopted. Each month, management meets with branch and district managers who later meet with store managers who in turn meet with store employees. Likewise, head merchandisers meet with merchandisers and assistant merchandisers who subsequently channel information to store department employees. The system provides coordination of operating and administrative policies and techniques as between management and technical and merchandising personnel, thus assuring the utmost uniformity of store operation throughout the organization.

On April 17, 1951, Myer B. Marcus, formerly vice-president, in charge of store operations, was elected executive vice-president.





## CAPITALIZATION

In April and November, 1950, premises in which six supermarkets are operated were sold for \$1,227,200 to the John Hancock Mutual Life Insurance Company, and leases to the Company, covering the premises for terms of approximately thirty years, exclusive of renewal options, were arranged. In July, 1951, similar negotiations were completed with that insurance company to purchase, with a lease back arrangement, the warehouse under construction in Linden, N. J. In July, 1950,



*Food Fair truck drivers receive awards of United States Savings Bonds and lapel buttons for safe driving records from Arnold Cohen, Director of Warehousing and Transportation.*

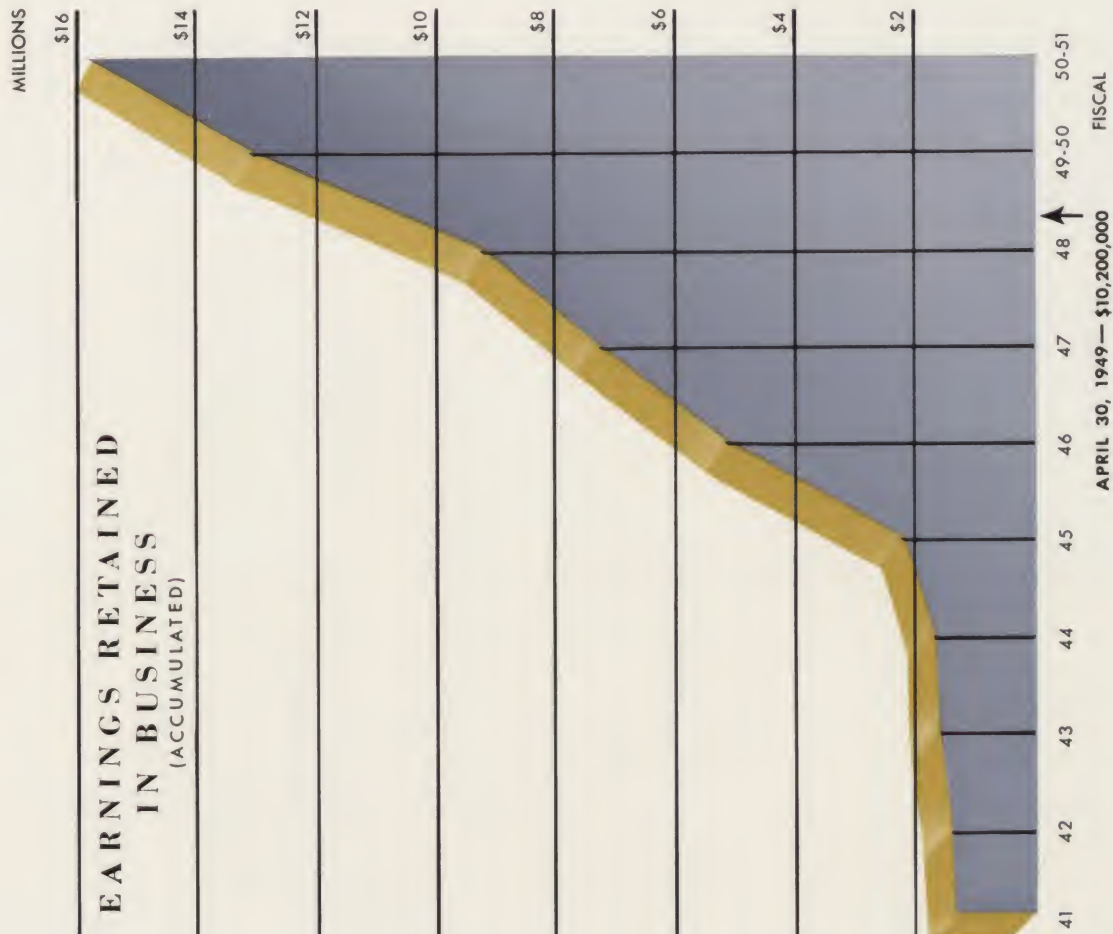
*Panel discussion at which Food Fair officers and key personnel consider plans for future operation of the business.*



the Company arranged to borrow \$3,000,000 from Mutual Life Insurance Company of Newark, N. J., and Mutual Life Insurance Company of New York, this obligation to be evidenced by its notes and to be secured by mortgages on newly constructed supermarkets for a period of twenty years. The amount of this indebtedness is approximately two-thirds of the actual cost of the mortgaged properties.

To obtain funds to acquire or construct supermarkets and other facilities, and to redeem the then outstanding \$2.50 cumulative preferred stock, 80,000 shares of \$4.20 cumulative preferred stock, series of 1951, of Food Fair Stores, Inc., were marketed publicly in January, 1951, by a group of prominent investment bankers headed by Eastman, Dillon & Company. Of the net proceeds of \$7,820,000, \$1,987,818 was used in February to redeem, at \$53 per share and accrued dividends, the 37,506 shares of \$2.50 preferred stock previously outstanding. The remainder was placed in the Company's general funds, to be used in financing further expansion of the business and for working capital required by the rising volume of sales.

The Company's capitalization as of April 28, 1951, consisted of \$8,000,000 of 3% debentures which mature in 1965, \$1,957,017 mortgages payable, 80,000 shares of \$4.20 preferred stock and 2,130,014 shares of common stock. The increase in the number of common shares outstanding during the year, by 268,562, resulted largely from the payment on October 30, 1950, of a 10% stock dividend which involved 193,585 shares. Employees' rights to exercise stock options to purchase common stock expired on September 4, 1950. The \$4.20 preferred stock and the common stock are listed on the New York Stock Exchange.



## THE ANNUAL MEETING OF SHAREHOLDERS . . .

of Food Fair Stores, Inc., is scheduled for Tuesday, August 28, 1951, at 11:00 a.m. (Eastern Daylight Saving Time) at the Company's offices at 2223 East Allegheny Avenue, Philadelphia, Pa. A notice of the meeting is enclosed herewith. The management earnestly hopes that many shareholders will find it convenient to attend, meet with officers and directors, discuss the Company's affairs and inspect office and warehouse facilities.



**PART** Certified  
Financial Statements

LAVENTHOL, KREKSTEIN & CO.  
*Certified Public Accountants*  
1528 WALNUT STREET  
PHILADELPHIA 2

NEW YORK  
PHILADELPHIA  
HARRISBURG  
WILKES-BARRE

Officers and Directors  
Food Fair Stores, Inc.

We have examined the consolidated statement of financial condition of Food Fair Stores, Inc., and its wholly owned subsidiary companies at April 28, 1951, and the consolidated statements of earnings accrued and surplus for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and records and such other such tests of the accounting records and necessary in the auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition and related consolidated statements of earnings and surplus present fairly the consolidated position of the companies at April 28, 1951, and the consolidated results of their operations for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*L. Laventhol, Krekstein & Co.*

LAVENTHOL, KREKSTEIN & CO.

Philadelphia, Pa.  
July 3, 1951

# FOOD FAIR STORES, INC., AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF EARNINGS

	For the Year (52 Weeks) Ended	
	April 28, 1951	April 29, 1950
Sales .....	\$205,643,640	\$164,625,893
Cost of sales .....	169,905,181	136,720,526
Gross profit from sales .....	\$ 35,738,459	\$ 27,905,367
Operating expenses .....	25,888,299	21,192,077
Profit from operations .....	\$ 9,850,160	\$ 6,713,290
Other income .....	282,431	193,064
Profit before interest expense .....	\$ 10,132,591	\$ 6,906,354
Interest expense .....	315,479	354,333
Net income before Federal and State taxes on income .....	\$ 9,817,112	\$ 6,552,021
Federal and State taxes on income:		
Federal income tax .....	\$ 4,068,032	\$ 2,375,592
Federal excess profits tax .....	839,967	
State income taxes .....	199,224	153,651
Total Federal and State taxes on income .....	\$ 5,107,223	\$ 2,529,243
Net income .....	\$ 4,709,889	\$ 4,022,778

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION—APRIL 28, 1951

The following notes are applicable to the Consolidated Statement of Financial Condition as at April 28, 1951. Reference is made to previously issued report for the notes applicable to the statement as at April 29, 1950.

NOTE 1—These debentures are subject to repayment through sinking fund operations beginning January 1, 1953, and on each interest payment date thereafter in the following principal amounts: to and including July 1, 1956, \$150,000; thereafter, to and including July 1, 1960, \$225,000; thereafter, to and including July 1, 1964, \$300,000.

The indenture contains restrictions as to the payment of cash dividends and the redemption of shares of stock of the Corporation. However, all of the earned surplus at April 28, 1951, was free of such restrictions.

NOTE 2—Preferred stock is \$4.20 cumulative, \$15 par value; 145,000 shares are authorized of which 80,000 shares are issued and outstanding. The Corporation is obligated to set aside \$120,000 semi-annually commencing January 1, 1952, as a sinking fund for the redemption of the preferred stock which may be called for this purpose at \$100 per share plus accrued dividends. In addition, the Corporation may, at its option, call for

redemption all or any part of the preferred stock at a maximum price of \$103 per share plus accrued dividends. Holders of this stock are entitled to preference in involuntary liquidation of \$100 per share.

Under the terms of the issuance of the preferred stock, earned surplus of \$5,420,322 is restricted at April 28, 1951, as to the payment of cash dividends on common stock.

NOTE 3—Common stock is \$1 par value; 2,500,000 shares are authorized of which 2,130,014 4/10 shares (including scrip certificates) are issued and outstanding.

On May 29, 1951, the Board of Directors declared a common stock dividend of 3% payable in common stock on August 30, 1951, to stockholders of record on July 16, 1951. Pursuant thereto, there has been reserved for issuance 63,900 42/100 shares (including scrip certificates) of common stock. For each share so issued, there will be transferred from earned surplus to capital stock common, the sum of \$1 and to capital surplus the sum of \$17. This will result in a charge of \$1,150,207.56 to earned surplus and credits of \$63,900.42 and \$1,086,307.14 to capital stock common and capital surplus, respectively.

# FOOD FAIR STORES, INC., AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	April 28, 1951	April 29, 1950
<b>CURRENT ASSETS</b>		
Cash	\$ 9,560,245	\$ 8,989,214
United States Treasury Notes		368,200
Accounts receivable	506,399	414,870
Inventories of merchandise and supplies at lower of cost or market	14,070,286	9,099,371
Federal and State income tax refunds receivable	65,394	221,628
Prepaid insurance, rent and taxes	358,616	282,883
	<u>\$24,560,940</u>	<u>\$19,376,166</u>
<b>LESS: CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,729,276	\$ 2,756,251
Accrued salaries and expenses	1,510,763	1,166,082
Federal and State income taxes payable, less United States Treasury Notes -1951, \$3,007,200; 1950, \$2,137,000	2,110,637	388,018
	<u>\$ 7,350,676</u>	<u>\$ 4,310,351</u>
<b>OTHER ASSETS</b>		
WORKING CAPITAL	\$17,210,264	\$15,065,815
Investments, at cost	214,205	116,534
Land, at cost	4,273,086	2,428,466
Buildings and improvements, at cost, less allowance for depreciation—1951, \$2,002,064; 1950, \$1,553,464	7,653,393	5,127,849
Fixtures and equipment, at cost, less allowance for depreciation—1951, \$2,349,274; 1950, \$1,883,124	6,161,189	3,555,059
Miscellaneous other assets	1,026,782	790,496
	<u>\$36,538,919</u>	<u>\$27,084,219</u>
<i>Deduct:</i>		
Mortgages payable, due after one year	\$ 1,836,936	\$ 1,308,956
Fifteen-year sinking fund debentures, 3%, due January 1, 1965 ( <i>Note 1</i> )	8,000,000	8,000,000
Options outstanding for purchase of common stock	18,641	18,641
	<u>\$ 9,836,936</u>	<u>\$ 9,327,597</u>
<b>NET ASSETS</b>	<u>\$26,701,983</u>	<u>\$17,756,622</u>
<b>DERIVED FROM</b>		
Capital Stock:		
Preferred ( <i>Note 2</i> )	\$ 8,000,000(A)	\$ 602,310(A)
Common ( <i>Note 3</i> )	2,130,014	1,861,452
Surplus:		
Capital surplus	6,608,139	5,433,884
Earned surplus	9,963,830	9,858,976
	<u>\$26,701,983</u>	<u>\$17,756,622</u>

(A)—At April 28, 1951, 80,000 shares stated at \$100 per share; at April 29, 1950, 40,154 shares stated at \$15 per share, of which 2,648 shares were retired through operation of the sinking fund, and 37,506 shares were redeemed at \$53 per share.

# FOOD FAIR STORES, INC., AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENTS OF SURPLUS

For the Year (52 Weeks) Ended April 28, 1951

### CAPITAL SURPLUS

CAPITAL SURPLUS—APRIL 29, 1950.....		\$ 5,433,884
Excess over par value of proceeds received from issuance of 64,780 shares of common stock through exercise of employees' stock options.....	\$ 269,664	
Excess over amount assignable to capital stock of 10,196 6/20 shares of common stock issued as stock dividend upon exercise of employees' options.....	104,871	
Excess over amount assignable to capital stock of 193,586 shares of common stock issued as a stock dividend October 31, 1950.....	2,323,032	
Excess over par value of proceeds received from issuance of 80,000 shares of preferred stock, series of 1951.....	6,620,000	
Total .....	9,317,567	
		\$14,751,451
Excess of cost of 40,154 shares of \$2.50 cumulative preferred stock redeemed over par value less amount charged to earned surplus.....	\$1,325,082	
Difference between par value, \$15, and involuntary liquidation value, \$100, appropriated for 80,000 shares of preferred stock sold.....	6,800,000	
Expenses in connection with issue of preferred stock, series of 1951.....	18,230	
Total .....	8,143,312	
		\$ 6,608,139

### CAPITAL SURPLUS APRIL 28, 1951

### EARNED SURPLUS

EARNED SURPLUS—APRIL 29, 1950.....		\$ 9,863,783
Net income for the year (52 weeks) ended April 28, 1951.....		4,709,889
Total .....	Total .....	\$14,573,672
Excess of cost of 40,154 shares of \$2.50 cumulative preferred stock redeemed over proceeds received at issuance thereof.....	\$ 198,667	
Dividends paid:		
In stock:		
203,782 6/20 shares of common stock.....	2,631,685	
In cash:		
\$2.50 cumulative preferred stock.....	\$ 89,166	
\$4.20 cumulative preferred stock.....	67,200	
Common stock, \$.80 per share.....	1,623,124	
Total .....	1,779,490	
		4,609,842

### EARNED SURPLUS APRIL 28, 1951

\$ 9,963,830

## PART Ten-Year Statistical Summary

PART

YEAR ENDED	NUMBER OF STORES AT END OF YEAR	SALES (000 OMITTED)	NET INCOME BEFORE TAXES ON INCOME	FEDERAL AND STATE INCOME TAXES	NET INCOME
APRIL 28, 1951	123	\$205,643	\$9,817,112	\$5,107,223	\$4,709,889
APRIL 29, 1950	113	164,626	6,552,021	2,529,243	4,022,778
APRIL 30, 1949	108	50,308	1,694,192	656,039	1,038,153
*DECEMBER 31, 1948	105	142,036	4,459,220	1,673,927	2,785,293
DECEMBER 27, 1947	95	121,765	4,719,905	1,832,848	2,887,057
DECEMBER 28, 1946	89	101,198	6,054,653	2,239,503	3,815,150
DECEMBER 29, 1945	89	60,565	1,662,683	737,173	925,510
DECEMBER 30, 1944	89	44,832	1,019,649	394,956	624,693
*DECEMBER 31, 1943	73	42,189	900,078	311,493	588,585
DECEMBER 26, 1942	77	41,746	1,270,029	642,993	627,036
DECEMBER 27, 1941	75	34,095	1,255,460	419,496	835,964

Interim 17-week period

\* 53 weeks



# FAIR STORES, INC., AND SUBSIDIARY COMPANIES

CASH DIVIDENDS	EARNINGS RETAINED	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL	TOTAL ASSETS	NET WORTH
\$1,779,490	\$2,930,309	\$24,560,940	\$7,350,676	\$17,210,264	\$43,889,595	\$26,701,983
1,214,214	2,808,564	19,376,166	4,310,351	15,065,815	31,394,570	17,756,622
210,733	827,420	14,998,514	5,449,541	9,548,973	24,936,947	14,701,205
807,233	1,978,060	15,588,968	5,017,396	10,571,572	24,240,303	13,879,221
770,181	2,116,876	16,714,955	4,143,192	12,571,763	24,552,310	11,972,228
666,309	3,148,841	13,372,303	5,281,634	8,090,669	18,563,068	10,106,847
458,379	467,131	9,478,223	2,421,252	7,056,971	12,418,127	6,661,509
457,984	166,709	7,476,129	1,744,982	5,731,147	10,784,600	5,570,117
460,422	128,163	6,984,027	2,784,836	4,199,191	10,006,083	5,444,147
462,990	164,046	6,757,406	2,442,225	4,315,181	9,868,602	5,406,527
498,908	337,056	5,543,963	2,302,164	3,241,799	8,468,756	5,260,593

# Food Fair Supermarkets

## FOOD FAIR STORES, INC.

### OFFICERS

Samuel Friedland.....*Chairman of the Board*  
 Herman R. Silver.....*Vice-President*  
 George Friedland.....*President*  
 Myer M. Gordon.....*Treasurer*  
 Myer B. Marcus.....*Executive Vice-President*  
 B. F. Lieber.....*Secretary*  
 Arthur Rosenberg.....*Vice-President*  
 Joseph Rash.....*Assistant Secretary*  
 Louis Stein.....*Vice-President, General Counsel*  
 Samuel Forman.....*Assistant Secretary*  
 Abraham Maloff.....*Assistant Secretary*

### DIRECTORS

George Friedland.....Philadelphia, Pa.  
 Samuel Friedland.....Miami Beach, Fla.  
 Myer M. Gordon.....Philadelphia, Pa.  
 Hess Kline.....Philadelphia, Pa.  
 Louis Stein.....Jersey City, N. J.  
 James P. Magill.....Philadelphia, Pa.  
 Myer B. Marcus.....Philadelphia, Pa.  
 Arthur Rosenberg.....Philadelphia, Pa.  
 Harold W. Scott.....Philadelphia, Pa.

#### Transfer Agent

Registrar & Transfer Company  
 50 Church St., New York, N. Y.  
 15 Exchange Place, Jersey City, N. J.

#### Registrar

The Chase National Bank  
 of the City of New York  
 11 Broad Street, New York, N. Y.

#### EXECUTIVE OFFICES

2223 East Allegheny Avenue  
 Philadelphia 34, Pa.

The \$4.20 preferred stock and the common stock are fully listed on the New York Stock Exchange

### New York

Astoria  
 Brooklyn  
 Freeport  
 Fresh Meadows (2)  
 Jackson Heights  
 Levittown

### New Jersey

Atlantic City (2)  
 Belleville  
 Camden  
 Clifton  
 Collingswood  
 East Orange  
 Elizabeth (4)  
 Englewood  
 Fair Lawn  
 Hackensack  
 Haledon  
 Irvington  
 Jersey City (3)  
 Montclair  
 Morristown  
 Newark (3)  
 New Brunswick  
 Nutley  
 Passaic (2)  
 Paterson  
 Perth Amboy  
 Plainfield  
 Teaneck  
 Trenton (3)  
 Union City  
 Vineland  
 West New York

### Pennsylvania

Allentown (3)  
 Bethlehem (2)  
 Bryn Mawr  
 Chester (3)  
 Coatesville  
 Columbia  
 Drexel Hill  
 Easton  
 Harrisburg (3)  
 Jenkintown  
 Lancaster (3)  
 Lebanon  
 Lemoyne  
 Norristown  
 Philadelphia (13)  
 Quakertown  
 Reading (3)  
 West Reading  
 York (3)

### Delaware

Wilmington (2)

### Virginia

Alexandria

### Maryland

Baltimore (13)  
 Catonsville  
 Mt. Rainier

### Florida

Coral Gables (2)  
 Fort Lauderdale  
 Hollywood  
 Miami (12)





**FOOD FAIR STORES, INC.**

*"Famous for Famous Names"*

